



190 TRONGATE

GLASGOW, G1 5RY

CITY CENTRE RETAIL INVESTMENT FOR SALE

- Single let retail investment
- Let to Nero Holdings Limited t/a Caffè Nero
- Grade A Listed
- Significant development in surrounding area
- Annual rent of £50,000 pa / £49.50 psf ITZA
- New 10-year lease from 19/02/2018
- Offers over **£775,000** reflecting a net initial yield of **6.14%**

LOCATION

Glasgow is the largest city in Scotland with an estimated population of 650,000 and a retail catchment of 842,000. It is the UK's top shopping destination outside of London, with the retail sector contributing £2.6 billion annually.

Glasgow's retail core follows a continuous Z shape in what is known locally as the 'Golden Z' comprising Sauchiehall Street, Buchanan Street and Argyle Street. The property occupies a prime position on Trongate, at the junction of Argyle Street and Glassford Street. Argyle Street boasts an annual footfall of 15.4 million people. Nearby occupiers include M&S, Tesco, Sainsburys, McDonalds & River Island.

Glasgow performs well economically and is currently within the top 20 of Europe's best performing financial centres. Over the past few decades the City has transformed itself into a service sector based economy, which has been encouraged by substantial public sector investment with initiatives such as International Financial Services District, Technology Innovation Centre and Innovation Districts.

Glasgow was one of the first in the UK to secure a "City Deal" with £1.3 billion secured in 2014 to help fund major infrastructure projects, improve public transport and connectivity and help drive business innovation and growth. As part of the City Deal agreed in 2014 approximately £115,000,000 of funding was secured to substantially upgrade the streetscape and public realm around the city centre. Trongate has been allocated £5,800,000.



SITUATION

The property is located in the Glasgow's Merchant City. The Merchant City is one of the oldest quarters of Glasgow and the cultural heart of the city. The area is characterised by lively bars, luxury apartments, tenement flats, award winning restaurants, designer shops and artists' galleries. In 2000, Merchant City Initiative was established with funding from the Heritage Lottery Fund, Glasgow City Council and Scottish Enterprise to help Merchant City retain its architectural integrity, whilst developing the area into a dynamic cultural heart for the city centre.

Merchant City is becoming an increasingly important part of the Glasgow Leisure scene. It offers a unique environment, characterised by internally architectural venues, well established local bars and restaurant catering for the growing residential population. It is increasingly becoming a destination for the city centre working population and visitors to the city.

There has been significant investment in the area over recent years, including the nearby Collegelands, TIC and Inovo office developments. In addition, there are plans for significantly future development in the surrounding area as shown on the next page.

SURROUNDING DEVELOPMENTS



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The adjoining vacant building has been acquired to facilitate a new hotel development



CANDLERIGGS QUARTER

Work has commenced on the nearby Candleriggs Quarter which will be a mixed-use development including residential, student accommodation, hotel, retail, food and drink and commercial uses.



190 TRONGATE Caffé Nero

TRONGATE SERVICED APARTMENTS

Planning permission granted for a 9-storey building comprising ground floor retail and one and two bed apartments.



ST ENOCH'S CENTRE – CINEMA

The St. Enoch's Centre was extensively refurbished in 2010 at the cost of £150m and now comprises 1 million sq ft of retail and leisure space. Furthermore, it has recently obtained approval to develop a new 9 screen rooftop cinema and further leisure units.

DESCRIPTION

The subjects comprise the ground and basement floors of a four storey, 1900s Grade A listed, blonde sandstone building. Internally the ground floor comprises the main café which is fitted out to Caffè Nero's corporate specification with a counter and associated seating. The basement contains customer toilets and auxiliary accommodation.

The property benefits from Class 3 (Food & Drink) Use Class consent.

The property extends to the following Net Internal Areas:

| | SQ M | SQ FT |
|-------------|--------------|--------------|
| Ground | 94.26 | 1,015 |
| Basement | 33.49 | 361 |
| Total | 127.75 | 1,376 |
| ITZA | 93.80 | 1,010 |

The building was fully refurbished in 2017 at a cost of over £1,250,000. As part of the works the external fabric, stonework and the roof were completely refurbished. The upper floors, which are in separate ownership, are 8 luxury serviced apartments which are managed by Destiny Scotland.



TENANCY

The property was pre-let to Nero Holdings Ltd. The lease commenced on the 19/02/2018 expiring on 18/02/2028. The rent is subject to an upwards only review at year 5.

The year 5 headline rent is £50,000 pa (£49.50 psf ITZA). The rent will step-up to this level from the current passing rent of £48,000 pa. The tenant received 6 months rent free from the date of entry. The vendor will top up all incentives so that the investment is producing £50,000 pa.

The lease is Full Repairing and Insuring (FRI), subject to a tenant cap. The premises have a 40% share of communal repairs of which 20.02% is recoverable from the tenant.

COVENANT

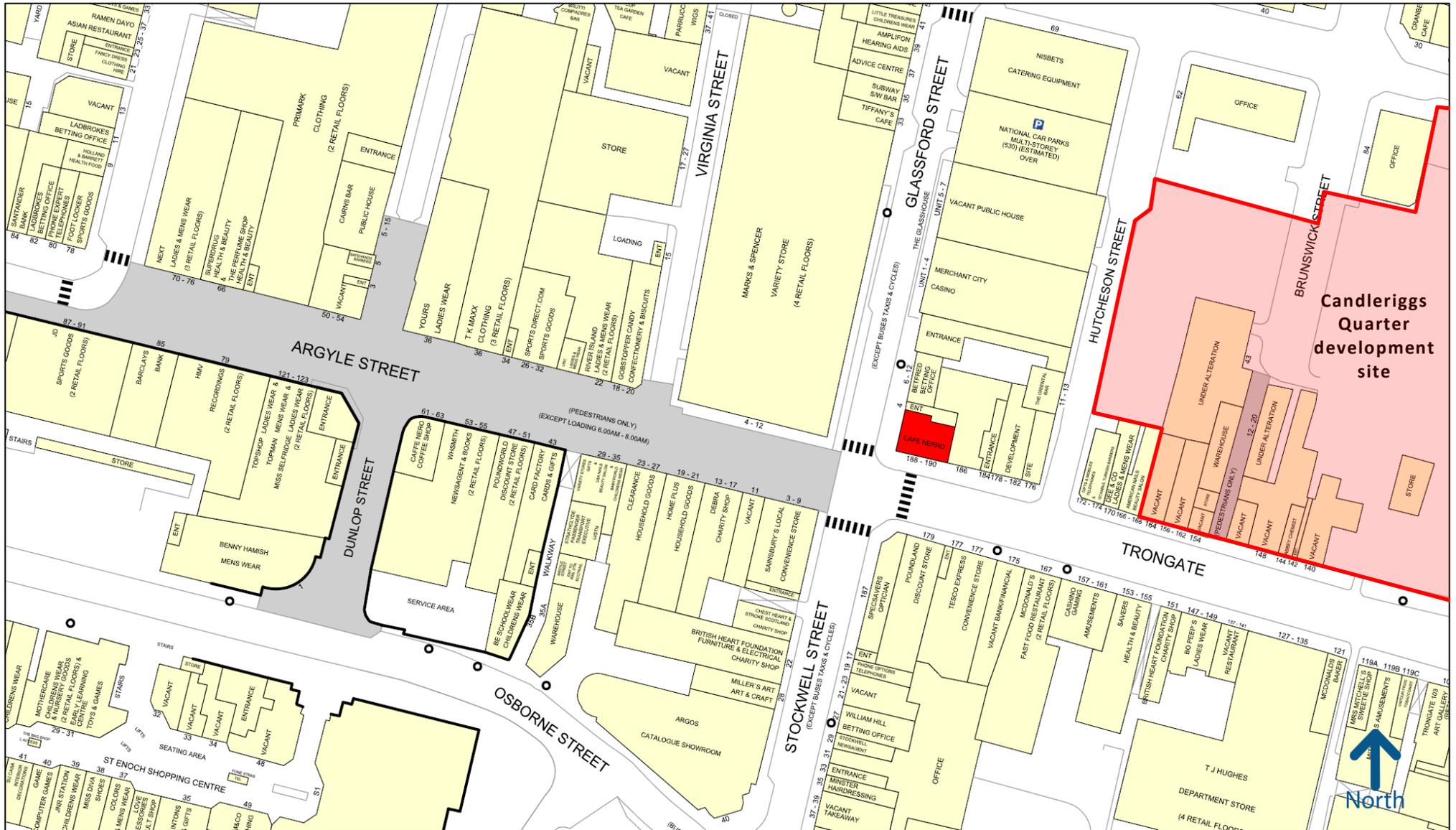
Caffe Nero was founded in 1997, with its original branch opening in South Kensington, London. Since it opened, it has grown to operate over 800 coffee houses worldwide, with over 600 of these stores located within the UK.

Nero Holdings Ltd have an Experian credit score of 100/100.

| | May 2017 | May 2016 | May 2015 |
|-----------------------|--------------|--------------|--------------|
| Net Worth | £217,488,000 | £191,791,000 | £168,194,000 |
| Pre-tax Profit | £25,896,000 | £24,237,000 | £23,797,000 |
| Turnover | £264,897,000 | £248,761,000 | £233,747,000 |



GOAD PLAN



TENURE

Heritable (Scottish equivalent of English Freehold).

TITLE

The property forms part of a larger building which is governed by a deed of condition. The premises have a 40% share of communal repairs for which 20.02% is recoverable from the tenant under the terms of the current lease.

EPCs

A copy of the EPC report is available on request.

VAT

The property has been elected for VAT and therefore VAT will be payable in respect of the purchase price. We anticipate the transaction can be treated as a TOGC (Transfer of Going Concern).

PROPOSAL

Offers in excess of **£775,000** representing a **Net Initial Yield** of **6.14%** assuming purchaser's costs of 5.04%.

FURTHER INFORMATION

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